



HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2005
OF THE CONDITION AND AFFAIRS OF THE

Upper Peninsula Health Plan, Inc.

NAIC Group Code	0000	NAIC Company Code	52615	Employer's ID Number	38-3379956
(Current Period)		(Prior Period)			
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan
Country of Domicile	United States of America				
Licensed as business type:	Life, Accident & Health [] Property/Casualty [] Dental Service Corporation []				
	Vision Service Corporation [] Other [] Health Maintenance Organization [X]				
	Hospital, Medical & Dental Service or Indemnity [] Is HMO, Federally Qualified? Yes [] No [X]				
Incorporated/Organized	10/14/1997		Commenced Business	08/01/1998	
Statutory Home Office	228 W. Washington St.			Marquette, MI 49855	
	(Street and Number)			(City or Town, State and Zip Code)	
Main Administrative Office	228 W. Washington St.				
	(Street and Number)				
	Marquette, MI 49855		906-225-7500		
	(City or Town, State and Zip Code)		(Area Code) (Telephone Number)		
Mail Address	228 W. Washington St.			Marquette, MI 49855	
	(Street and Number or P.O. Box)			(City or Town, State and Zip Code)	
Primary Location of Books and Records	228 W. Washington St.				
	(Street and Number)				
	Marquette, MI 49855		906-225-7491		
	(City or Town, State and Zip Code)		(Area Code) (Telephone Number)		
Internet Website Address	www.uphp.com				
Statutory Statement Contact	Patrick N. Thomson CPA			906-225-7491	
	(Name)			(Area Code) (Telephone Number) (Extension)	
	pthomson@uphp.com			906-225-7690	
	(E-mail Address)			(FAX Number)	
Policyowner Relations Contact	228 W. Washington St.				
	(Street and Number)				
	Marquette, MI 49855		906-225-7500		
	(City or Town, State and Zip Code)		(Area Code) (Telephone Number) (Extension)		

OFFICERS

Name	Title	Name	Title
Dennis H. Smith	President	Greg A. Gustafson	Treasurer
William Nemacheck	Secretary		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

John Schon	James Bogan	William Nemacheck	David Hartberg
Wayne Hellerstedt	Robert Vairo	Eric Jurgensen	Michelle Tavernier
David Jahn			

State ofMichigan.....
County ofMarquette.....
ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Dennis H. Smith President	Greg A. Gustafson Treasurer	William Nemacheck Secretary
Subscribed and sworn to before me this 30 day of March, 2006		a. Is this an original filing? Yes [] No [X] b. If no, 1. State the amendment number 1 2. Date filed 03/31/2006 3. Number of pages attached
Tanya M. Jennings Executive Assistant October 11, 2007		

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	3,500,000		3,500,000	25,145
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$5,857,445 , Schedule E, Part 1), cash equivalents (\$0 , Schedule E, Part 2) and short-term investments (\$1,514,884 , Schedule DA).....	7,372,329		7,372,329	11,665,763
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets (Schedule BA)	0	0	0	0
8. Receivables for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	10,872,329	0	10,872,329	11,690,908
11. Title plants less \$charged off (for Title Insurers only)			0	
12. Investment income due and accrued	84,882		84,882	21,250
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection			0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premium).....			0	0
13.3 Accrued retrospective premium.....			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers			0	0
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset.....			0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software	21,024	19,973	1,051	0
19. Furniture and equipment, including health care delivery assets (\$)	25,100	18,825	6,275	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates			0	0
22. Health care (\$763,267) and other amounts receivable.....	1,313,267	550,000	763,267	375,106
23. Aggregate write-ins for other than invested assets	0	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	12,316,602	588,798	11,727,804	12,087,264
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
26. Total (Lines 24 and 25)	12,316,602	588,798	11,727,804	12,087,264
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	5,327,000		5,327,000	6,555,000
2. Accrued medical incentive pool and bonus amounts			0	147,000
3. Unpaid claims adjustment expenses	143,000		143,000	173,000
4. Aggregate health policy reserves	880,000		880,000	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	774,557		774,557	2,016
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))			0	75,045
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittance and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates			0	0
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured accident and health plans			0	0
21. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
22. Total liabilities (Lines 1 to 21)	7,124,557	0	7,124,557	6,952,061
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	3,592,171	3,261,670
25. Preferred capital stock	XXX	XXX		0
26. Gross paid in and contributed surplus	XXX	XXX		0
27. Surplus notes	XXX	XXX		0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	1,011,076	1,873,533
30. Less treasury stock, at cost:				
30.1 shares common (value included in Line 24 \$)	XXX	XXX		0
30.2 shares preferred (value included in Line 25 \$)	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	4,603,247	5,135,203
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	11,727,804	12,087,264
DETAILS OF WRITE-INS				
2101.				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	0
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	313,007	314,959
2. Net premium income (including \$0 non-health premium income).....	XXX	49,723,974	48,527,416
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	49,723,974	48,527,416
Hospital and Medical:			
9. Hospital/medical benefits		26,023,756	24,177,230
10. Other professional services		4,433,304	4,162,188
11. Outside referrals			0
12. Emergency room and out-of-area		1,958,777	1,802,763
13. Prescription drugs		9,502,409	8,867,152
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			147,000
16. Subtotal (Lines 9 to 15)	0	41,918,246	39,156,333
Less:			
17. Net reinsurance recoveries			87,395
18. Total hospital and medical (Lines 16 minus 17)	0	41,918,246	39,068,938
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$150,915 cost containment expenses.....		1,486,435	2,497,602
21. General administrative expenses.....		5,862,078	5,928,473
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		0	0
23. Total underwriting deductions (Lines 18 through 22)	0	49,266,759	47,495,013
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	457,215	1,032,403
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		351,357	142,810
26. Net realized capital gains (losses) less capital gains tax of \$			0
27. Net investment gains (losses) (Lines 25 plus 26)	0	351,357	142,810
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	808,572	1,175,213
31. Federal and foreign income taxes incurred	XXX	(359,323)	411,321
32. Net income (loss) (Lines 30 minus 31)	XXX	1,167,895	763,892
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	0

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior-reporting period	5,135,203	4,307,270
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
34. Net income or (loss) from Line 32	1,167,895	763,892
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$		0
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax		0
39. Change in nonadmitted assets	(588,798)	15,096
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles	(10,875)	49,068
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	(145)	(123)
48. Net change in capital & surplus (Lines 34 to 47)	568,077	827,933
49. Capital and surplus end of reporting period (Line 33 plus 48)	5,703,280	5,135,203
DETAILS OF WRITE-INS		
4701. Bond Amortization Adjustment.....	(145)	(112)
4702. Equity Adjustment.....	0	(11)
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	(145)	(123)

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	48,237,936	50,146,746
2. Net investment income	342,395	136,355
3. Miscellaneous income	0	0
4. Total (Lines 1 to 3)	48,580,331	50,283,101
5. Benefits and loss related payments	44,545,469	39,363,720
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions	5,086,640	8,108,236
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)	(284,278)	863,296
10. Total (Lines 5 through 9)	49,347,831	48,335,252
11. Net cash from operations (Line 4 minus Line 10)	(767,500)	1,947,849
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	0	20,000
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	6,442
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	0	26,442
13. Cost of investments acquired (long-term only):		
13.1 Bonds	3,466,038	0
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	49,020	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	3,515,058	0
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(3,515,058)	26,442
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	(10,876)	159,608
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(10,876)	159,608
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	(4,293,434)	2,133,899
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	11,665,763	9,531,864
19.2 End of period (Line 18 plus Line 19.1).....	7,372,329	11,665,763

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Upper Peninsula Health Plan, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other Health	Other Non-Health
1. Net premium income	49,723,974	265,187	.0	.0	.0	.0	.0	49,458,787	.0	.0	.0	.0	.0
2. Change in unearned premium reserves and reserve for rate credit .....	.0												
3. Fee-for-service (net of \$ medical expenses) .....	.0												XXX
4. Risk revenue .....	.0												XXX
5. Aggregate write-ins for other health care related revenues .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
6. Aggregate write-ins for other non-health care related revenues .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
7. Total revenues (Lines 1 to 6)	49,723,974	265,187	.0	.0	.0	.0	.0	49,458,787	.0	.0	.0	.0	.0
8. Hospital/medical/ benefits	26,023,756	137,439						25,886,317	.0				XXX
9. Other professional services	4,433,304	23,414						4,409,890					XXX
10. Outside referrals .....	.0												XXX
11. Emergency room and out-of-area	1,958,777	10,345						1,948,432					XXX
12. Prescription Drugs	9,502,409	55,221						9,447,188					XXX
13. Aggregate write-ins for other hospital and medical .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
14. Incentive pool, withhold adjustments and bonus amounts .....	.0												XXX
15. Subtotal (Lines 8 to 14)	41,918,246	226,419	.0	.0	.0	.0	.0	41,691,827	.0	.0	.0	.0	XXX
16. Net reinsurance recoveries .....	.0												XXX
17. Total medical and hospital (Lines 15 minus 16)	41,918,246	226,419	.0	.0	.0	.0	.0	41,691,827	.0	.0	.0	.0	XXX
18. Non-health claims (net) .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
19. Claims adjustment expenses including \$ 150,915 cost containment expenses	1,486,435	8,107						1,478,328					
20. General administrative expenses	5,862,078	31,971						5,830,107					
21. Increase in reserves for accident and health contracts .....	.0												XXX
22. Increase in reserves for life contracts .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	49,266,759	266,497	.0	.0	.0	.0	.0	49,000,262	.0	.0	.0	.0	.0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	457,215	(1,310)	0	0	0	0	0	458,525	0	0	0	0	0
DETAILS OF WRITE-INS													
0501.													XXX
0502.													XXX
0503.													XXX
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.													XXX
1302.													XXX
1303.													XXX
1398. Summary of remaining write-ins for Line 13 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)	267,342		2,155	265,187
2. Medicare Supplement .....				.0
3. Dental Only.....				.0
4. Vision Only.....				.0
5. Federal Employees Health Benefits Plan .....				.0
6. Title XVIII - Medicare .....				.0
7. Title XIX - Medicaid.....	49,749,887		291,100	49,458,787
8. Stop Loss .....				.0
9. Disability Income .....				.0
10. Long-term care .....				.0
11. Other health.....				.0
12. Health subtotal (Lines 1 through 11)	50,017,229	.0	293,255	49,723,974
13. Life .....				.0
14. Property/Casualty.....				.0
15. Totals (Lines 12 to 14)	50,017,229	0	293,255	49,723,974

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Upper Peninsula Health Plan, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non- Health
1. Payments during the year:													
1.1 Direct	43,909,513	230,314						43,679,199					
1.2 Reinsurance assumed	0												
1.3 Reinsurance ceded	0												
1.4 Net	43,909,513	230,314	0	0	0	0	0	43,679,199	0	0	0	0	0
2. Paid medical incentive pools and bonuses	147,000							147,000					
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	5,327,000	24,132	0	0	0	0	0	5,302,868	0	0	0	0	0
3.3 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net	5,327,000	24,132	0	0	0	0	0	5,302,868	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct	0												
4.2 Reinsurance assumed	0												
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0												
6. Net healthcare receivables (a)	(763,267)							(763,267)					
7. Amounts recoverable from reinsurers December 31, current year	0												
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct	6,555,000	28,027	0	0	0	0	0	6,526,973	0	0	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
8.4 Net	6,555,000	28,027	0	0	0	0	0	6,526,973	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct	0	0	0	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	147,000	0	0	0	0	0	0	147,000	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
12. Incurred Benefits:													
12.1 Direct	41,918,246	226,419	0	0	0	0	0	41,691,827	0	0	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
12.4 Net	41,918,246	226,419	0	0	0	0	0	41,691,827	0	0	0	0	0
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0	0	0	0

(a) Excludes \$ loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1. Direct	1,413,322							1,413,322					
1.2. Reinsurance assumed	0												
1.3. Reinsurance ceded	0												
1.4. Net	1,413,322	0	0	0	0	0	0	1,413,322	0	0	0	0	0
2. Incurred but Unreported:													
2.1. Direct	3,913,678	24,132						3,889,546					
2.2. Reinsurance assumed	0												
2.3. Reinsurance ceded	0												
2.4. Net	3,913,678	24,132	0	0	0	0	0	3,889,546	0	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:													
3.1. Direct	0												
3.2. Reinsurance assumed	0												
3.3. Reinsurance ceded	0												
3.4. Net	0	0	0	0	0	0	0	0	0	0	0	0	0
4. TOTALS:													
4.1. Direct	5,327,000	24,132	0	0	0	0	0	5,302,868	0	0	0	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4. Net	5,327,000	24,132	0	0	0	0	0	5,302,868	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	32,163	198,151		24,132	32,163	28,027
2. Medicare Supplement					0	0
3. Dental Only.....					0	0
4. Vision Only.....					0	0
5. Federal Employees Health Benefits Plan Premiums					0	0
6. Title XVIII - Medicare					0	0
7. Title XIX - Medicaid.....	6,772,981	36,906,218		5,302,868	6,772,981	6,526,973
8. Other health					0	0
9. Health subtotal (Lines 1 to 8).....	6,805,144	37,104,369	0	5,327,000	6,805,144	6,555,000
10. Healthcare receivables (a).....		763,267			0	
11. Other non-health.....					0	0
12. Medical incentive pools and bonus amounts	147,000				147,000	147,000
13. Totals (Lines 9 - 10 + 11 + 12)	6,952,144	36,341,102	0	5,327,000	6,952,144	6,702,000

(a) Excludes \$loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A – Paid Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior .....	.78	.78	.78	.78	.78
2. 2001.....	.90	.110	.110	.110	.110
3. 2002.....	XXX	.92	.113	.113	.113
4. 2003.....	XXX	XXX	.99	.115	.115
5. 2004.....	XXX	XXX	XXX	.85	.117
6. 2005.....	XXX	XXX	XXX	XXX	.73

Section B – Incurred Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior .....	.99	.99	.99	.99	.99
2. 2001.....	.122	.142	.142	.142	.142
3. 2002.....	XXX	.118	.118	.118	.118
4. 2003.....	XXX	XXX	.132	.148	.148
5. 2004.....	XXX	XXX	XXX	.113	.145
6. 2005.....	XXX	XXX	XXX	XXX	.97

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Hospital and Medical

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2001.....	261	.110	.0	.0.0	.110	.42.1	.0	.0	.110	.42.1
2. 2002.....	279	.113	.0	.0.0	.113	.40.5	.0	.0	.113	.40.5
3. 2003.....	276	.115	.14	.12.2	.129	.46.7	.0	.0	.129	.46.7
4. 2004.....	269	.117	.13	.11.1	.130	.48.3	.0	.0	.130	.48.3
5. 2005.....	265	.73	.8	.11.0	.81	.30.6	.24	.0	.105	.39.6

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	26,167	26,226	26,226	26,226	26,226
2. 2001.....	20,477	24,851	24,868	24,868	24,868
3. 2002.....	XXX	25,562	29,494	29,499	29,499
4. 2003.....	XXX	XXX	35,068	40,239	40,239
5. 2004.....	XXX	XXX	XXX	32,979	39,751
6. 2005.....	XXX	XXX	XXX	XXX	37,031

Section B – Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	33,466	33,600	33,600	33,600	33,600
2. 2001.....	28,848	34,586	34,586	34,586	34,586
3. 2002.....	XXX	29,526	33,780	33,785	33,785
4. 2003.....	XXX	XXX	40,952	46,123	46,123
5. 2004.....	XXX	XXX	XXX	39,359	46,132
6. 2005.....	XXX	XXX	XXX	XXX	42,334

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2001.....	30,675	24,868	1,598	6.4	26,466	86.3			26,466	86.3
2. 2002.....	32,142	29,499	1,632	5.5	31,131	96.9			31,131	96.9
3. 2003.....	46,215	40,239	2,395	6.0	42,634	92.3			42,634	92.3
4. 2004.....	48,258	39,751	2,484	6.2	42,235	87.5			42,235	87.5
5. 2005.....	48,359	37,031	1,478	4.0	38,509	79.6	5,303	143	43,955	90.9

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	26,245	26,304	26,304	26,304	26,304
2. 2001.....	20,567	24,961	24,978	24,978	24,978
3. 2002.....	XXX	25,654	29,607	29,612	29,612
4. 2003.....	XXX	XXX	35,167	40,354	40,354
5. 2004.....	XXX	XXX	XXX	33,064	39,868
6. 2005.....	XXX	XXX	XXX	XXX	37,104

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	33,565	33,699	33,699	33,699	33,699
2. 2001.....	28,970	34,728	34,728	34,728	34,728
3. 2002.....	XXX	29,644	33,898	33,903	33,903
4. 2003.....	XXX	XXX	41,084	46,271	46,271
5. 2004.....	XXX	XXX	XXX	39,472	46,277
6. 2005.....	XXX	XXX	XXX	XXX	42,431

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2001.....	30,936	24,978	1,598	6.4	26,576	85.9	.0	.0	26,576	85.9
2. 2002.....	32,421	29,612	1,632	5.5	31,244	96.4	.0	.0	31,244	96.4
3. 2003.....	46,491	40,354	2,409	6.0	42,763	92.0	.0	.0	42,763	92.0
4. 2004.....	48,527	39,868	2,497	6.3	42,365	87.3	.0	.0	42,365	87.3
5. 2005.....	48,624	37,104	1,486	4.0	38,590	79.4	5,327	143	44,060	90.6

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves .....	.0											
2. Additional policy reserves (a)	880,000							880,000				
3. Reserve for future contingent benefits .....	.0											
4. Reserve for rate credits or experience rating refunds (including \$ for investment income) .....	.0											
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (Gross)	880,000	.0	.0	.0	.0	.0	.0	880,000	.0	.0	.0	.0
7. Reinsurance ceded .....	.0											
8. Totals (Net) (Page 3, Line 4)	880,000	0	0	0	0	0	0	880,000	0	0	0	0
CLAIM RESERVE												
9. Present value of amounts not yet due on claims .....	.0											
10. Reserve for future contingent benefits .....	.0											
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0											
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS												
0501.												
0502.												
0503.												
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. TOTALS (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0
1101.												
1102.												
1103.												
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. TOTALS (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0	0	0	0

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administration Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$for occupancy of own building).....	6,617	57,896	102,637		167,150
2. Salaries, wages and other benefits.....	104,028	910,249	1,613,673		2,627,950
3. Commissions (less \$ceded plus \$ Assumed.....	0	1,133	1,802		2,935
4. Legal fees and expenses.....	465	4,069	8,469		13,003
5. Certifications and accreditation fees.....	0	0	52,418		52,418
6. Auditing, actuarial and other consulting services.....	1,081	9,458	45,516		56,055
7. Traveling expenses.....	2,035	17,807	39,417		59,259
8. Marketing and advertising.....	1,778	15,559	27,583		44,920
9. Postage, express and telephone.....	2,906	25,424	60,504		88,834
10. Printing and office supplies.....	2,241	19,609	75,116		96,966
11. Occupancy, depreciation and amortization.....	461	4,033	7,961		12,455
12. Equipment.....	0	0	0		0
13. Cost or depreciation of EDP equipment and software.....	3,587	31,390	58,544		93,521
14. Outsourced services including EDP, claims, and other services.....	13,760	120,401	255,265		389,426
15. Boards, bureaus and association fees.....	2,129	18,625	33,028		53,782
16. Insurance, except on real estate.....	2,324	20,334	36,048		58,706
17. Collection and bank service charges.....	0	325	16,745		17,070
18. Group service and administration fees.....	0	0	0		0
19. Reimbursements by uninsured accident and health plans.....	0	0	0		0
20. Reimbursements from fiscal intermediaries.....	0	0	0		0
21. Real estate expenses.....	0	0	0		0
22. Real estate taxes.....	0	0	0		0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....	0	13,548	3,466		17,014
23.2 State premium taxes.....	0	0	0		0
23.3 Regulatory authority licenses and fees.....	0	0	0		0
23.4 Payroll taxes.....	7,503	65,660	116,403		189,566
23.5 Other (excluding federal income and real estate taxes).....	0	0	0		0
24. Investment expenses not included elsewhere.....	0	0	0		0
25. Aggregate write-ins for expenses.....	0	0	3,307,483	0	3,307,483
26. Total expenses incurred (Lines 1 to 25).....	150,915	1,335,520	5,862,078	0	(a).....7,348,513
27. Less expenses unpaid December 31, current year.....	0	143,000	774,557		917,557
28. Add expenses unpaid December 31, prior year.....	0	173,000	2,016	0	175,016
29. Amounts receivable relating to uninsured accident and health plans, prior year.....	0	0	0	0	0
30. Amounts receivable relating to uninsured accident and health plans, current year.....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	150,915	1,365,520	5,089,537	0	6,605,972
DETAIL OF WRITE-INS					
2501. MPCA - Outreach Program.....			319,711		319,711
2502. QAAP Taxes.....			2,987,772		2,987,772
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. Totals (Line 2501 thru 2503 plus 2598)(Line 25 above)	0	0	3,307,483	0	3,307,483

(a) Includes management fees of \$3,851,291 to affiliates and \$to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a) 67,482	..... 117,708
1.1	Bonds exempt from U.S. tax	(a) .....	.....
1.2	Other bonds (unaffiliated)	(a) .....	.....
1.3	Bonds of affiliates	(a) .....	.....
2.1	Preferred stocks (unaffiliated)	(b) .....	.....
2.11	Preferred stocks of affiliates	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c) .....	.....
4.	Real estate	(d) .....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e) 220,250	..... 233,649
7.	Derivative instruments	(f) .....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	..... 0	..... 0
10.	Total gross investment income	287,732	..... 351,357
11.	Investment expenses		(g)
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income .....		..... 0
16.	Total (Lines 11 through 15) .....		..... 0
17.	Net Investment Income - (Line 10 minus Line 16)		351,357
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	..... 0	..... 0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		..... 0
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

(a) Includes \$ accrual of discount less \$ 145 amortization of premium and less \$ paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1.	U.S. Government bonds .....				..... 0
1.1	Bonds exempt from U.S. tax .....				..... 0
1.2	Other bonds (unaffiliated) .....				..... 0
1.3	Bonds of affiliates 0	..... 0	..... 0	..... 0	..... 0
2.1	Preferred stocks (unaffiliated) .....				..... 0
2.11	Preferred stocks of affiliates 0	..... 0	..... 0	..... 0	..... 0
2.2	Common stocks (unaffiliated) .....				..... 0
2.21	Common stocks of affiliates 0	..... 0	..... 0	..... 0	..... 0
3.	Mortgage loans .....				..... 0
4.	Real estate .....				..... 0
5.	Contract loans .....				..... 0
6.	Cash, cash equivalents and short-term investments .....				..... 0
7.	Derivative instruments .....				..... 0
8.	Other invested assets .....				..... 0
9.	Aggregate write-ins for capital gains (losses) .....	..... 0	..... 0	..... 0	..... 0
10.	Total capital gains (losses)	0	0	0	0
DETAILS OF WRITE-INS					
0901.	.....			
0902.	.....			
0903.	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	..... 0	..... 0	..... 0	..... 0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash, (Schedule E, Part 1), cash equivalents (Schedule E, Part 2) and short -term investments (Schedule DA)	0	0	0
6. Contract loans	0	0	0
7. Other invested assets (Schedule BA)	0	0	0
8. Receivables for securities	0	0	0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11. Title plants (for Title insurers only).....	0		0
12. Investment income due and accrued	0	0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	0	0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
13.3 Accrued retrospective premium.....	0	0	0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers	0	0	0
14.2 Funds held by or deposited with reinsured companies	0	0	0
14.3 Other amounts receivable under reinsurance contracts	0	0	0
15. Amounts receivable relating to uninsured plans	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
16.2 Net deferred tax asset.....	0	0	0
17. Guaranty funds receivable or on deposit	0	0	0
18. Electronic data processing equipment and software.....	19,973	0	(19,973)
19. Furniture and equipment, including health care delivery assets.....	18,825	0	(18,825)
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
21. Receivables from parent, subsidiaries and affiliates	0	0	0
22. Health care and other amounts receivable.....	550,000	0	(550,000)
23. Aggregate write-ins for other than invested assets	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	588,798	0	(588,798)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	588,798	0	(588,798)
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0
2301.			
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	0	0	0

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	26,025	26,275	26,218	25,922	25,942	313,007
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	26,025	26,275	26,218	25,922	25,942	313,007
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

- A) **Accounting Practices**
The 2005 Annual Statement has been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual, and the preparation of the financial statements are in conformity with the Annual Statement Instructions.
- B) **Use of Estimates in the Preparation of the Financial Statements**
The estimates used in the preparation of the financial statements conformed to the Annual Statement Instructions and Accounting Practices and Procedures manual.
- C) **Accounting Policy**
Reinsurance premiums and experience refunds were netted against premium revenue and pharmaceutical rebates and psychotropic drug reimbursements were netted against pharmacy expenses. Also, maternity case rate reimbursements are netted against medical expenses.

Note 2 - Accounting Changes and Corrections of Errors

The Company now nets Maternity Case Rate reimbursements (MCRs) against medical expenses. Previously, the Company was recording MCRs within contract revenue. Through December 31, 2005, the Company has recorded \$888,196 in MCR reimbursements. Psychotropic drug reimbursements of \$2,451,768 are being netted against pharmacy expenses. QAAP tax expense is \$2,987,772 and is included in administrative expenses. Also, the Plan made an adjustment in 2005 to Additional Paid-In Capital (APIC) of \$330,501 to reflect actual APIC as of 12/31/04. This adjustment was made after the 2004 Annual Statement was filed. The adjustment was made versus retained earnings and has no effect on Total Capital and Surplus. In May of 2005, the Company was approved for not-for-profit status under IRC 501(c)4. The income statement reflects a "positive" expense for federal income taxes of \$359,323 which is an adjustment made to reverse the 2004 income tax accruals. The not-for-profit status is retro-active to February 20, 2004.

Note 3 - Business Combinations and Goodwill

NONE

Note 4 - Discontinued Operations

NONE

Note 5 - Investments

In February of 2005, the Plan purchased U.S. Government Agency Securities ("agencies") within the trust account from the Plan’s excess cash. These agencies were a "new issue" and therefore were not purchased at a premium or discount. Of the total agencies purchased (\$4,975,000), \$975,000 were purchased within the trust and \$4,000,000 were purchased outside of the trust. Of the \$4,000,000 in agencies outside the trust, \$1,500,000 are classified as a short-term investment because it has a maturity date of one year or less at the date of purchase. The remaining \$2,500,000 in agencies outside the trust are properly classified as long-term investments. A Plan's agencies are summarized below:

Name of Bond	Date Purchased	Int Rate	Due Date	Actual Purchase Price	Par Value	Amortized Cost
TRUST						
FED NATL MTG ASSN MED TERM NOTE	3/22/1999	6.190%	12/12/2007	25,563.00	25,000.00	\$ 25,000
FED HOME LN BK	2/16/2005	3.625%	2/16/2007	325,000.00	325,000.00	325,000
FED NATL MTG ASSN	2/25/2005	4.000%	2/25/2008	650,000.00	650,000.00	650,000
AGENCY						
FED HOME LN BK	2/16/2005	3.625%	2/16/2007	1,500,000.00	1,500,000.00	1,500,000
FED NATL MTG ASSN	2/25/2005	4.000%	2/25/2008	1,000,000.00	1,000,000.00	1,000,000
				Bonds (Page 2, Line 1)		\$ 3,500,000
FED HOME LN BK	2/17/2005	3.125%	2/17/2006	1,500,000.00	1,500,000.00	1,500,000
				ST Investment (included on Page 2, Line 5)		\$ 1,500,000
				Total Bonds		\$ 5,000,000

NOTES TO FINANCIAL STATEMENTS

Note 6 - Joint Ventures, Partnerships, and Limited Liability Companies

NONE

Note 7 – Investment Income

As of December 31, 2005, the Plan has \$84,882 of admitted investment income due and accrued and included in the statement of revenue and expenses.

Note 8 - Derivative Instruments

NONE

Note 9 - Income Taxes

- A) NONE
- B) NONE
- C) Current income taxes incurred consist of the following major components:

	<u>12/31/2005</u>	<u>12/31/2004</u>
Current tax expense or benefit	<u>\$(359,323)</u>	<u>\$ 411,321</u>
The change in DTA's and DTL's	-	-
Investment tax credits	-	-
Benefits of operating loss carryforwards	<u>-</u>	<u>-</u>
Current income taxes incurred	<u>\$(359,323)</u>	<u>\$ 411,321</u>

- D) NONE
- F) NONE
- E) NONE

In May of 2005, the Company was approved for not-for-profit status by the IRS under IRC 501(c)4. The income statement reflects a "positive" expense for federal income taxes of \$359,323 which is an adjustment made to reverse the 2004 income tax accruals. The not-for-profit status is retro-active to February 20, 2004.

Note 10-Information Concerning Parent, Subsidiaries, and Affiliates

- A) The Plan is owned by fourteen 501(c)3 healthcare organizations with each owning various percentages. Only two hospitals control over 10% of the Plan. Marquette General Health System owns 56.27% and Portage Health System owns 10.02% of the Plan's outstanding common stock.
- B) NONE
- C) The Plan paid a management fee of \$3,851,715 to its management company, the Upper Peninsula Managed Care, LLC for 2005. All transactions are covered under Note 10-Part F.
- D) NONE
- E) NONE
- F) The Plan has a Management Service Agreement with its affiliate. This agreement spells out all administrative services provided by the company and includes methods of reimbursement for services performed.
- G) There are no shares of voting common stock in the Company. All 100 voting shares were recalled as a result of a change in control effective April 1, 2004.
- H) NONE
- I) NONE
- J) NONE

Note 11-Debt

The Plan has a \$1,000,000 long-term line of credit (LOC) with Wells Fargo Bank. This LOC has a variable rate of .25% over prime rate. The Plan has a \$0.00 balance outstanding as of December 31, 2005.

Note 12-Retirement Plans, Deferred Compensation, Postemployment Benefits & Compensated Absences, and other Postretirement Benefit Plans

NONE

NOTES TO FINANCIAL STATEMENTS

Note 13-Capital, Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations

As of December 31, 2005, the Plan has 29,935 shares of non-voting stock issued and outstanding. The Plan has no preferred stock issued or outstanding.

Note 14-Contingencies

NONE

Note 15-Leases

NONE

Note 16-Information about Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

NONE

Note 17-Sale, Transfer, and Servicing of Financial Assets and Extinguishments of Liabilities

NONE

Note 18-Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

NONE

Note 19-Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

NONE

Note 20-September 11, 2001 Events

The Company was not directly impacted by the events of September 11, 2001.

Note 21 – Other Items

Financial Examination

The Plan underwent a financial examination in 2005 by Michigan's Office of Financial & Insurance Services as of December 31, 2004. As of the date of this annual statement, that financial examination has not been released or is not available for public inspection.

Note 22-Events Subsequent

NONE

Note 23-Reinsurance

NONE

Note 24-Retrospectively Rated Contracts & Contracts Subject to Redetermination

The Plan's current book of business is the Michigan Managed Medicaid and MICHild contracts. The Plan has no retroactive features in its contracts.

Note 25-Change in Incurred Claims and Claim Adjustment Expense

NONE

Note 26-Intercompany Pooling Arrangements

NONE

Note 27-Structured Settlement

NONE

NOTES TO FINANCIAL STATEMENTS

Note 28-Health Care Receivables

The Plan’s health care receivables as of December 31, 2005 totaled \$1,313,267 and consisted of psychotropic drug reimbursements from the State of Michigan Medicaid Program carve-out (\$310,997) and maternity case rates (\$85,274) for children born to mothers in Plan. Other receivables include; receivables from a duplicate check run and provider over payments of (\$366,996), and a refundable deposit with the Plan's Pharmacy Benefit Manager of (\$550,000). The refundable deposit is considered a non-admitted asset for statutory accounting purposes. A summary of pharmacy rebate receivables is illustrated below:

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2005	-	-	-	-	-
9/30/2005	-	-	-	-	-
6/30/2005	-	9,583	-	9,583	-
3/31/2005	-	14,707	-	-	14,707
12/31/2004	-	11,915	-	-	11,915
9/30/2004	-	22,150	-	-	22,150
6/30/2004	25,000	24,998	-	-	24,998
3/31/2004	30,000	47,768	-	12,208	35,560
12/31/2003	50,000	50,000	-	-	50,000
9/30/2003	50,000	50,000	-	-	50,000
6/30/2003	-	-	-	-	-
3/31/2003	50,000	50,000	-	-	50,000

Note 29-Participating Policies

NONE

Note 30-Premium Deficiency Reserves

As of 12/31/05, the Plan had liabilities of \$880,000 related to premium deficiency reserves. The Plan did not consider anticipated investment income when calculating its premium deficiency reserves.

Note 31-Anticipated Salvage and Subrogation

The Plan signed a contract with the First Recovery Group of Southfield, Michigan in September 2001. This contract enables The First Recovery Group to investigate, identify, and collect subrogation recoveries on behalf of the Upper Peninsula Health Plan, Inc. For 2005, First Recovery Group recovered \$34,703 for the Plan.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities .....		.0.000		.0.000
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies .....		.0.000		.0.000
1.22 Issued by U.S. government sponsored agencies	3,500,000	32.192	3,500,000	32.192
1.3 Foreign government (including Canada, excluding mortgaged-backed securities) .....		.0.000		.0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations .....		.0.000		.0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....		.0.000		.0.000
1.43 Revenue and assessment obligations .....		.0.000		.0.000
1.44 Industrial development and similar obligations .....		.0.000		.0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA .....		.0.000		.0.000
1.512 Issued or guaranteed by FNMA and FHLMC .....		.0.000		.0.000
1.513 All other .....		.0.000		.0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA .....		.0.000		.0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521 .....		.0.000		.0.000
1.523 All other .....		.0.000		.0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....		.0.000		.0.000
2.2 Unaffiliated foreign securities .....		.0.000		.0.000
2.3 Affiliated securities .....		.0.000		.0.000
3. Equity interests:				
3.1 Investments in mutual funds .....		.0.000		.0.000
3.2 Preferred stocks:				
3.21 Affiliated .....		.0.000		.0.000
3.22 Unaffiliated .....		.0.000		.0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated .....		.0.000		.0.000
3.32 Unaffiliated .....		.0.000		.0.000
3.4 Other equity securities:				
3.41 Affiliated .....		.0.000		.0.000
3.42 Unaffiliated .....		.0.000		.0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated .....		.0.000		.0.000
3.52 Unaffiliated .....		.0.000		.0.000
4. Mortgage loans:				
4.1 Construction and land development .....		.0.000		.0.000
4.2 Agricultural .....		.0.000		.0.000
4.3 Single family residential properties .....		.0.000		.0.000
4.4 Multifamily residential properties .....		.0.000		.0.000
4.5 Commercial loans .....		.0.000		.0.000
4.6 Mezzanine real estate loans .....		.0.000		.0.000
5. Real estate investments:				
5.1 Property occupied by the company .....		.0.000	.0	.0.000
5.2 Property held for the production of income (including \$of property acquired in satisfaction of debt) .....		.0.000	.0	.0.000
5.3 Property held for sale (including \$ property acquired in satisfaction of debt) .....		.0.000	.0	.0.000
6. Contract loans .....		.0.000	.0	.0.000
7. Receivables for securities .....		.0.000	.0	.0.000
8. Cash, cash equivalents and short-term investments	7,372,329	67.808	7,372,329	67.808
9. Other invested assets		0.000		0.000
10. Total invested assets	10,872,329	100.000	10,872,329	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [X] No []
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] NA []
- 1.3

State Regulating?

Michigan
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]
- 2.2

If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2004
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

06/30/2001
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

08/19/2002
- 3.4

By what department or departments? Michigan's Office of Financial & Insurance Services
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business?

Yes [] No [X]

4.12 renewals?

Yes [] No [X]
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business?

Yes [] No [X]

4.22 renewals?

Yes [] No [X]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]
- 5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes [] No [X]
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]
- 7.2

If yes,

7.21 State the percentage of foreign control;

7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]
- 8.4

If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Houle & Associates, PC, 309 S. Front St., Marquette, MI 49855
10.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Milliman USA, 15800 Bluemound Rd., Brookfield, WI 53005
- 11.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [] No [X]

11.11

Name of real estate holding company

11.12

Number of parcels involved

11.13

Total book/adjusted carrying value

\$
- 11.2

If yes, provide explanation
12.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1

What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 12.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No []
- 12.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No []
- 12.4

If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] NA []

BOARD OF DIRECTORS

13.

Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes [X] No []
14.

Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes [X] No []
15.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or likely to conflict with the official duties of such person?

Yes [X] No []

FINANCIAL

- 16.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11

To directors or other officers

\$

0

16.12

To stockholders not officers

\$

0

16.13

Trustees, supreme or grand (Fraternal only)

\$

0
- 16.2

Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21

To directors or other officers

\$

0

16.22

To stockholders not officers

\$

0

16.23

Trustees, supreme or grand (Fraternal only)

\$

0
- 17.1

Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement?

Yes [] No [X]
- 17.2

If yes, state the amount thereof at December 31 of the current year:

17.21

Rented from others

\$

17.22

Borrowed from others

\$

17.23

Leased from others

\$

17.24

Other

\$
- 18.1

Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?

Yes [] No [X]
- 18.2

If answer is yes,

18.21

Amount paid as losses or risk adjustment

\$

18.22

Amount paid as expenses

\$

18.23

Other amounts paid

\$
- 19.1

Does the reporting entity report any amounts due from the parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [] No [X]
- 19.2

If yes, indicated any amounts receivable from parent included in the Page 2 amount:

\$

GENERAL INTERROGATORIES
INVESTMENT

- 20.1

Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes [☐] No [☒]
- 20.2

If no, give full and complete information relating thereto:
All securities of the company are in the custody of Wells Fargo Institutional Trust Services. The company does not actually possess any security.
- 21.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 3 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1)

Yes [☐] No [☒]
- 21.2

If yes, state the amount thereof at December 31 of the current year:

21.21

Loaned to others

\$

21.22

Subject to repurchase agreements

\$

21.23

Subject to reverse repurchase agreements

\$

21.24

Subject to dollar repurchase agreements

\$

21.25

Subject to reverse dollar repurchase agreements

\$

21.26

Pledged as collateral

\$

21.27

Placed under option agreements

\$

21.28

Letter stock or other securities restricted as to sale ...

\$

21.29

Other

\$
- 21.3

For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....
.....
.....

- 22.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes [☐] No [☒]
- 22.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes [☐] No [☐] NA [☐]
- 23.1

Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [☐] No [☒]
- 23.2

If yes, state the amount thereof at December 31 of the current year.

\$

GENERAL INTERROGATORIES

24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 – General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

<div>1</div> <div>Name of Custodian(s)</div>	<div>2</div> <div>Custodian's Address</div>
Wells Fargo Institutional Trust Services.....	101 W. Washington St., Marquette, MI 49855.....

24.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

<div>1</div> <div>Name(s)</div>	<div>2</div> <div>Location(s)</div>	<div>2</div> <div>Complete Explanation(s)</div>
.....
.....

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year? Yes [] No [X]

24.04 If yes, give full and complete information relating thereto:

<div>1</div> <div>Old Custodian</div>	<div>2</div> <div>New Custodian</div>	<div>3</div> <div>Date of Change</div>	<div>4</div> <div>Reason</div>
.....
.....

24.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

<div>1</div> <div>Central Registration Depository Number(s)</div>	<div>2</div> <div>Name</div>	<div>2</div> <div>Address</div>
.....
.....

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?..... Yes [] No [X]

25.2 If yes, complete the following schedule:

<div>1</div> <div>CUSIP #</div>	<div>2</div> <div>Name of Mutual Fund</div>	<div>3</div> <div>Book/Adjusted Carrying Value</div>
.....
.....
25.2999 TOTAL		0

25.3 For each mutual fund listed in the table above, complete the following schedule:

<div>1</div> <div>Name of Mutual Fund (from above table)</div>	<div>2</div> <div>Name of Significant Holding Of the Mutual Fund</div>	<div>3</div> <div>Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding</div>	<div>4</div> <div>Date of Valuation</div>
.....
.....

GENERAL INTERROGATORIES

26. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
26.1 Bonds.....	5,167,950	5,117,222	(50,728)
26.2 Preferred stocks.....	0		0
26.3 Totals	5,167,950	5,117,222	(50,728)

26.4 Describe the sources or methods utilized in determining fair values:
Fair values are determined by Company's custodian, Wells Fargo. Wells Fargo determines fair values based on the securities current market value.....

27.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? Yes [X] No []

27.2 If no, list the exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?.....\$19,898

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1	2
Name	Amount Paid
Michigan Association of Health Plans.....	19,898

29.1 Amount of payments for legal expenses, if any?.....\$12,928

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid
Foster, Swift, Collins, & Smith, PC.....	8,819

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$

30.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1	2
Name	Amount Paid
.....	
.....	
.....	

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

1.2 If yes, indicate premium earned on U. S. business only

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

1.5 Indicate total incurred claims on all Medicare Supplement Insurance.

1.6 Individual policies:

1.7 Group policies:

2. Health Test:

Most current three years:

1.61 Total premium earned

1.62 Total incurred claims

1.63 Number of covered lives

All years prior to most current three years:

1.64 Total premium earned

1.65 Total incurred claims

1.66 Number of covered lives

Most current three years:

1.71 Total premium earned

1.72 Total incurred claims

1.73 Number of covered lives

All years prior to most current three years:

1.74 Total premium earned

1.75 Total incurred claims

1.76 Number of covered lives

2.1 Premium Numerator

2.2 Premium Denominator

2.3 Premium Ratio (2.1/2.2)

2.4 Reserve Numerator

2.5 Reserve Denominator

2.6 Reserve Ratio (2.4/2.5)

1

Current Year

48,623,941

2

Prior Year

48,257,859

48,723,974

0.978

6,207,000

6,207,000

1.000

48,527,416

0.994

6,702,000

6,702,000

1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

5.1 Does the reporting entity have stop-loss reinsurance?

5.2 If no, explain:

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical

5.32 Medical Only

5.33 Medicare Supplement

5.34 Dental

5.35 Other Limited Benefit Plan

5.36 Other

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

The insolvency protection is provided by two methods. The company's reinsurance contract includes insolvency protection and the provider contracts include continuation of benefits clauses that require services to be provided for the period in which premiums have been paid.

7.1 Does the reporting entity set up its claim liability for provider services on a service data base?

7.2 If no, give details:

8. Provide the following Information regarding participating providers:

8.1 Number of providers at start of reporting year

8.2 Number of providers at end of reporting year

9.1 Does the reporting entity have business subject to premium rate guarantees?

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

9.22 Business with rate guarantees over 36 months

Yes [] No [X]

Yes [] No [X]

Yes [X] No []

Yes [] No [X]

Yes [X] No []

100,000

Yes [X] No []

745

778

Yes [] No [X]

GENERAL INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contract?

Yes ☒ No ☐

10.2 If yes:

10.21 Maximum amount payable bonuses

\$.....0

10.22 Amount actually paid for year bonuses

\$.....0

10.23 Maximum amount payable withholds

\$.....0

10.24 Amount actually paid for year withholds

\$.....0

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes ☐ No ☒

11.13 An Individual Practice Association (IPA), or,

Yes ☒ No ☐

11.14 A Mixed Model (combination of above) ?

Yes ☐ No ☒

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes ☒ No ☐

11.3 If yes, show the name of the state requiring such net worth.

Michigan

11.4 If yes, show the amount required.

\$.....4,385,502

11.5 Is this amount included as part of a contingency reserve in stockholders equity?

Yes ☐ No ☒

11.6 If the amount is calculated, show the calculation.

12. List service areas in which reporting entity is licensed to operate:

1

Name of Service Area

Region 8: which includes all counties in Michigan's Upper Peninsula.....

FIVE-YEAR HISTORICAL DATA

	1 2005	2 2004	3 2003	4 2002	5 2001
BALANCE SHEET (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	11,727,804	12,087,264	11,684,785	8,583,216	8,249,635
2. Total liabilities (Page 3, Line 22)	7,124,557	6,952,061	7,377,515	5,575,929	6,172,804
3. Statutory surplus		0	0	0	0
4. Total capital and surplus (Page 3, Line 31)	4,603,247	5,135,203	4,307,270	3,007,287	2,076,831
INCOME STATEMENT (Page 4)					
5. Total revenues (Line 8)	49,723,974	48,527,416	46,490,976	32,420,752	30,935,527
6. Total medical and hospital expenses (Line 18)	41,918,246	39,068,938	39,608,278	29,644,306	26,424,098
7. Claims adjustment expenses (Line 20)	1,486,435	2,497,602	2,409,770	0	0
8. Total administrative expenses (Line 21)	5,862,078	5,928,473	3,209,934	1,138,081	3,194,368
9. Net underwriting gain (loss) (Line 24)	457,215	1,032,403	1,262,994	6,276	1,317,061
10. Net investment gain (loss) (Line 27)	351,357	142,810	78,827	97,234	163,648
11. Total other income (Lines 28 plus 29)	0	0	0	0	0
12. Net income (loss) (Line 32)	1,167,895	763,892	814,801	25,780	1,480,709
RISK - BASED CAPITAL ANALYSIS					
13. Total adjusted capital.....	4,603,247	5,135,203	4,307,270	3,007,287	2,076,831
14. Authorized control level risk-based capital.....	2,174,964	2,044,255	2,095,361	1,730,498	1,566,051
ENROLLMENT (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	25,942	26,025	26,195	19,052	18,245
16. Total member months (Column 6, Line 7)	313,007	314,959	311,820	230,768	211,433
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
17. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Lines 18 plus 19)	84.3	80.5	85.2	91.4	85.1
19. Cost containment expenses	0.3	0.0	XXX	XXX	XXX
20. Other claims adjustment expenses	2.7	51.0	0.0	0.0	0.0
21. Total underwriting deductions (Line 23)	99.1	97.9	97.3	100.0	100.0
22. Total underwriting gain (loss) (Line 24)	0.9	2.1	2.7	0.0	0.0
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13, Col. 5)	6,952,144	5,192,585	3,974,698	5,892,415	4,252,287
24. Estimated liability of unpaid claims – [prior year (Line 12, Col. 6)]	6,702,000	5,742,030	5,429,000	6,028,022	5,579,011
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)	0	0	0	0	0
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	0	0	0
27. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	0	0	0	0	0
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
29. Affiliated mortgage loans on real estate		0	0	0	0
30. All other affiliated		0	0	0	0
31. Total of above Lines 25 to 30	0	0	0	0	0

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year					
Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	3,500,000	3,452,078	3,500,563	3,500,000
	2. Canada				
	3. Other Countries				
	4. Totals	3,500,000	3,452,078	3,500,563	3,500,000
States, Territories and Possessions (Direct and guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States				
	10. Canada				
	11. Other Countries				
	12. Totals	0	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States				
	14. Canada				
	15. Other Countries				
	16. Totals	0	0	0	0
Public Utilities (unaffiliated)	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States				
	22. Canada				
	23. Other Countries				
	24. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. Total Bonds	3,500,000	3,452,078	3,500,563	3,500,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. Total Preferred Stocks	0	0	0	
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States				
	50. Canada				
	51. Other Countries				
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	
	54. Total Common Stocks	0	0	0	
	55. Total Stocks	0	0	0	
	56. Total Bonds and Stocks	3,500,000	3,452,078	3,500,563	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	25,145	7. Amortization of premium.....	145
2. Cost of bonds and stocks acquired, Column 7, Part 3	3,475,000	8. Foreign Exchange Adjustment:	
3. Accrual of discount.....		8.1 Column 15, Part 1	0
4. Increase (decrease) by adjustment:.....		8.2 Column 19, Part 2, Sec. 1.....	0
4.1 Columns 12 - 14, Part 1.....	0	8.3 Column 16, Part 2, Sec. 2	0
4.2 Columns 15 - 17, Part 2, Sec. 1.....	0	8.4 Column 15, Part 4	0
4.3 Column 15, Part 2, Sec. 2.....	0		
4.4 Columns 11 - 13, Part 4	0	9. Book/adjusted carrying value at end of current period	3,500,000
5. Total gain (loss), Col. 19, Part 4	0	10. Total valuation allowance	
6. Deduct consideration for bonds and stocks disposed of		11. Subtotal (Lines 9 plus 10)	3,500,000
Column 7, Part 4	0	12. Total nonadmitted amounts	
		13. Statement value of bonds and stocks, current period	3,500,000

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories								
States, Etc.	1	2	Direct Business Only					
	Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	3	4	5	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums & Deposit Type Contract Funds	8 Property/Casualty Premiums
			Premiums	Medicare Title XVIII	Medicaid Title XIX			
1. Alabama.....AL								
2. Alaska.....AK								
3. Arizona.....AZ								
4. Arkansas.....AR								
5. California.....CA								
6. Colorado.....CO								
7. Connecticut.....CT								
8. Delaware.....DE								
9. District of Columbia.....DC								
10. Florida.....FL								
11. Georgia.....GA								
12. Hawaii.....HI								
13. Idaho.....ID								
14. Illinois.....IL								
15. Indiana.....IN								
16. Iowa.....IA								
17. Kansas.....KS								
18. Kentucky.....KY								
19. Louisiana.....LA								
20. Maine.....ME								
21. Maryland.....MD								
22. Massachusetts.....MA								
23. Michigan.....MI	No	Yes	267,342		48,649,854			
24. Minnesota.....MN								
25. Mississippi.....MS								
26. Missouri.....MO								
27. Montana.....MT								
28. Nebraska.....NE								
29. Nevada.....NV								
30. New Hampshire.....NH								
31. New Jersey.....NJ								
32. New Mexico.....NM								
33. New York.....NY								
34. North Carolina.....NC								
35. North Dakota.....ND								
36. Ohio.....OH								
37. Oklahoma.....OK								
38. Oregon.....OR								
39. Pennsylvania.....PA								
40. Rhode Island.....RI								
41. South Carolina.....SC								
42. South Dakota.....SD								
43. Tennessee.....TN								
44. Texas.....TX								
45. Utah.....UT								
46. Vermont.....VT								
47. Virginia.....VA								
48. Washington.....WA								
49. West Virginia.....WV								
50. Wisconsin.....WI								
51. Wyoming.....WY								
52. American Samoa.....AS								
53. Guam.....GU								
54. Puerto Rico.....PR								
55. U.S. Virgin Islands.....VI								
56. Canada.....CN								
57. Aggregate other alien.....OT	XXX	XXX	0	0	0	0	0	0
58. Subtotal.....	XXX	XXX	267,342	0	48,649,854	0	0	0
59. Reporting entity contributions for Employee Benefit Plans.....	XXX	XXX						
60. Total (Direct Business).....	XXX	(a) 1	267,342	0	48,649,854	0	0	0
DETAILS OF WRITE-INS								
5701.	XXX	XXX						
5702.	XXX	XXX						
5703.	XXX	XXX						
5798. Summary of remaining write-ins for Line 57 from overflow page.....	XXX	XXX	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above).....	XXX	XXX	0	0	0	0	0	0

Explanation of basis of allocation by states, premiums by state, etc.:
(a) Insert the number of yes responses except for Canada and other Alien.

SCHEDULE T – PART 2
INTERSTATE COMPACT PRODUCTS – EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

		Direct Business Only					
		1	2	3	4	5	6
States, Etc.		Life (Group and Individual)	Annuities (Group and Individual)	Disability Income (Group and Individual)	Long-Term Care (Group and Individual)	Deposit-Type Contracts	Totals
1. Alabama	AL .....						.0
2. Alaska	AK .....						.0
3. Arizona	AZ .....						.0
4. Arkansas	AR .....						.0
5. California	CA .....						.0
6. Colorado	CO .....						.0
7. Connecticut	CT .....						.0
8. Delaware	DE .....						.0
9. District of Columbia	DC .....						.0
10. Florida	FL .....						.0
11. Georgia	GA .....						.0
12. Hawaii	HI .....						.0
13. Idaho	ID .....						.0
14. Illinois	IL .....						.0
15. Indiana	IN .....						.0
16. Iowa	IA .....						.0
17. Kansas	KS .....						.0
18. Kentucky	KY .....						.0
19. Louisiana	LA .....						.0
20. Maine	ME .....						.0
21. Maryland	MD .....						.0
22. Massachusetts	MA .....						.0
23. Michigan	MI .....						.0
24. Minnesota	MN .....						.0
25. Mississippi	MS .....						.0
26. Missouri	MO .....						.0
27. Montana	MT .....						.0
28. Nebraska	NE .....						.0
29. Nevada	NV .....						.0
30. New Hampshire	NH .....						.0
31. New Jersey	NJ .....						.0
32. New Mexico	NM .....						.0
33. New York	NY .....						.0
34. North Carolina	NC .....						.0
35. North Dakota	ND .....						.0
36. Ohio	OH .....						.0
37. Oklahoma	OK .....						.0
38. Oregon	OR .....						.0
39. Pennsylvania	PA .....						.0
40. Rhode Island	RI .....						.0
41. South Carolina	SC .....						.0
42. South Dakota	SD .....						.0
43. Tennessee	TN .....						.0
44. Texas	TX .....						.0
45. Utah	UT .....						.0
46. Vermont	VT .....						.0
47. Virginia	VA .....						.0
48. Washington	WA .....						.0
49. West Virginia	WV .....						.0
50. Wisconsin	WI .....						.0
51. Wyoming	WY .....						.0
52. American Samoa	AS .....						.0
53. Guam	GU .....						.0
54. Puerto Rico	PR .....						.0
55. U.S. Virgin Islands	VI .....						.0
56. Canada	CN .....						.0
57. Other Alien	OT .....						.0
58. Totals		0	0	0	0	0	0

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

